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By: 

Tara N. Damhoff

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

In re application of:

Lynn Holm Blagg et al.

Application No.: 09/298,521

Filed: April 23, 1999

For: METHOD FOR DEFINING A
RELATIONSHIP BETWEEN AN
ACCOUNT AND A GROUP

Customer No.: 20350

Art Unit: 3624

Examiner: Alain L. Bashore

**PETITION UNDER 35 C.F.R. § 1.144
FROM REQUIREMENT FOR
RESTRICTION**

Mail Stop Petition
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Pursuant to 37 C.F.R. § 1.144, Applicants petition the requirement for restriction mailed November 3, 2003. Applicants have filed, concurrently with this Petition, a Request for Reinstatement of Appeal and a Supplemental Appeal Brief.

Brief Statement of Facts

The present application is directed generally to methods of defining a flexible relationship between an account and a group that supports group processing at the group level while retaining individual processing of the account at the account level. The application was

filed April 23, 1999 with claims 1-22. Claims 1-10 and 16-18 are drawn to methods for defining relationships between accounts and a group to facilitate group processing while maintaining independent processing of the accounts. In particular, claim 9, which depends directly from claim 1, is directed to, inter alia, modifying ownership of the group so that the first cardholder is a primary owner by changing a relationship parameter value for the first account from dependent to key. Claims 11-15 are directed to methods for creating a dependent strategy to customize a relationship between an account and a group. Claims 19-22 are drawn to methods of maturing a dependent account that is a member of a group into a key account for a second group.

In a first Office Action mailed May 30, 2001, the Examiner rejected all pending claims on a variety of grounds. In particular, the Examiner rejected claims 1-22 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 5,953,710 (Fleming). In the same Office Action, the Examiner rejected claims 19-22 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 4,837,422 (Dethloff) and claim 9 under § 103(a) as being unpatentable over the combination of U.S. Patent No. 5,537,314 (Kanter) and Dethloff. On July 26, 2002, the Examiner mailed another Office Action finally rejected all pending claims in the application, maintaining the same grounds of rejection as cited in the first Office Action. In neither of the Office Actions did the Examiner issue a requirement for restriction or even provide any indication that he believed the claims to be directed to multiple inventions.

In response to the final Office Action, Applicants filed a Notice of Appeal on August 12, 2002 and a first Appeal Brief on August 15, 2002. In lieu of filing an Answer, the Examiner mailed a new, non-final Office Action May 30, 2003. The new Office Action failed to address the merits of the claims but instead issued a requirement for restriction, requiring the Appellants to elect between pending claims 1-18 (Group I) and 19-22 (Group II). According to the Examiner's restrictions, both Group I and Group II are drawn to methods classified in class 705, subclass 35. In the Office Action, the Examiner classified Group I and Group II as combination and patentable subcombination, respectively, on the purported ground that "the subcombination has separate utility such as a method of maturing accounts without group processing facilitation."

In response, Applicants filed on August 15, 2003 a Request to Reinstate the Appeal and Supplemental Appeal Brief, electing Group II with traverse and arguing that the

Examiner's restriction was improper on a number of grounds. Again in lieu of an Answer, the Examiner mailed a new, non-final Office Action on November 3, 2003. In that Office Action, the Examiner made the restriction final and rejected the elected Group II claims on new grounds. In that Office Action, the Examiner expressly acknowledged the traversal in Applicants' Request to Reinstate the Appeal and Supplemental Appeal Brief of the requirement for restriction. The Examiner also instructed Applicants to petition from the restriction requirement at the same time they reinstated the appeal. Notably, however, in both the original restriction requirement and final restriction requirement, the Examiner failed to provide any indication that he considered, as required under MPEP § 811 whether "there will be a serious burden if restriction is not required."

In accordance with the Examiner's instruction, Applicants have filed this Petition concurrently with a second Request for Reinstatement of the Appeal and second Supplemental Appeal Brief. The Supplemental Appeal Brief addresses all pending claims, in anticipation of the Commissioner's decision that the Examiner's restriction requirement is improper.

Argument

A careful review of the claims and the prosecution history reveals no legitimate basis for the restriction requirement. In particular, the Examiner has not even attempted to show that the restriction requirement, issued immediately after a final rejection of all claims, is justified or that the Examiner considered whether examination of the pending claims would present a "serious burden" if restriction were not required. In fact, the restriction requirement evidences a continuing pattern by the Examiner of refusing to allow the Board of Patent Appeals and Interferences to review the merits of the Examiner's claim rejections. Although Applicants concede that the Examiner has discretion in deciding whether to require restriction of the claims, the Examiner's illegitimate restriction in this case is a gross abuse of that discretion. As set forth below, the abuse of discretion evidenced by the requirement for restriction should be restrained, and the requirement for restriction withdrawn for at least two reasons: First, the restriction requirement is improper on its face; and second, the requirement, imposed at this stage of prosecution, both abuses the discretion vested in the Commissioner and unnecessarily prejudices Applicants' patent rights.

(1) This Petition is Properly Filed at this Stage of Prosecution.

USPTO regulations authorize an applicant to petition a requirement for restriction at any time “not later than appeal” but require the applicant to request from the Examiner reconsideration of a restriction requirement before petitioning the requirement. 37 C.F.R. § 1.144. Due in no small part to the Examiner’s unusual behavior in this case, the prosecution history of this application is convoluted, and one normally may not expect to see a petition from a restriction requirement at this point. In particular, given the appeal status of this application, Applicants did not have the opportunity to formally request the Examiner’s reconsideration of the requirement for restriction. Nonetheless, the Examiner clearly treated Applicants’ Request for Reinstatement of Appeal and Supplemental Appeal Brief as a *de facto* request for reconsideration, and the Examiner correspondingly made the restriction requirement final in the latest Office Action. In fact, that Office Action implicitly instructed the Applicants to file this Petition as recourse against the final requirement.

Moreover, although the Examiner’s actions have been appealed (twice), the Examiner has reopened prosecution in both instances to issue new Office Actions. Hence, while § 1.144 specifies that a petition from a restriction requirement be filed “not later than appeal,” because this Petition is filed concurrently with Applicants’ Request for Reinstatement of Appeal, Applicants submit that the Petition is in fact being filed “not later than appeal,” for the purposes of § 1.144. For these reasons, Applicants submit that, under the provisions of § 144, this Petition is properly filed at this stage of prosecution.

(2) The Requirement for Restriction is Improper on its Face.

If for no other reason, the Examiner’s arbitrary restriction requirement should be restrained because it is improper on its face. As a threshold issue, Applicants submit that the claims may not be restricted at this point because the claims have in fact been finally rejected by the Examiner. 37 C.F.R. § 1.142(a) authorizes restriction “at any time before final action.” In this case, while an appeal of the Examiner’s final rejection of all claims was pending, the Examiner issued the requirement for restriction at issue in this Petition. Notwithstanding the Examiner’s inclusion of the restriction requirement in a new, non-final Office Action, Applicants

respectfully submit that this action by the Examiner violates the provisions of § 1.142 quoted above, and for this threshold reason, the restriction requirement should be withdrawn.

Moreover, even if the restriction requirement is deemed to have been made “before final action” under § 1.142(a), the restriction requirement still fails on its face. “There are two distinct criteria for a proper requirement for restriction . . . (A) The inventions must be independent . . . or distinct as claimed; and (B) There must be a serious burden on the examiner if restriction is required . . .” MPEP § 803.01 (emphasis added). This is true especially in cases, such as this, where the restriction is required even after a first action on the merits (let alone a final action on which an appeal is pending). *See id.* § 811 (“Before making a restriction requirement after the first action on the merits, the examiner will consider whether there will be a serious burden if restriction is not required.”). Moreover, “[i]f the search and examination of an entire application can be made without serious burden, the examiner must examine it on the merits, even though it includes claims to independent or distinct inventions.” *Id.* § 803 (emphasis added). “[A] serious burden on the examiner may be *prima facie* shown if the examiner shows by appropriate explanation of separate classification, or separate status in the art, or a different field of search . . .” *Id.*

In this case, the examiner conclusorily alleges that the groups of claims are distinct, but fails to even address the second element of a proper restriction -- that there must be a serious burden on the examiner of searching the entire application. Indeed, § 808.02 of the MPEP enumerates three grounds that may constitute *prima facie* evidence of a substantial burden on the Examiner: (i) where the inventions are classified differently; (ii) where “an explanation indicates a recognition of separate inventive effort by inventors”; and (iii) “[w]here it is necessary to search for one of the distinct subjects in places where no pertinent art to the other subject exists” In neither the original nor the final restriction requirement does the Examiner even attempt to assert one of these grounds. First, it cannot be disputed that the Group I and II claims are both classified in class 705, subclass 35. Likewise, the Examiner provides no explanation indicating a recognition of separate inventive effort by inventors other than the unsupported conclusion that “group processing and account dependency relationships are separate considerations in the financial art.” Finally, the fact that the Examiner has cited on

multiple occasions (and continues to cite) common references against the Group I and Group II claims belies any contention by the Examiner that different searches are required for the Group I and Group II claims, respectively, "in places where no pertinent art to the other subject exists." Thus, the Examiner has failed even to attempt to provide a *prima facie* showing of any substantial burden that would justify the restriction requirement.

The prosecution history of the present application further evidences that there is no serious burden on the examiner to search the entire application. More particularly, the examiner has twice rejected the claims at issue based on searches common to both groups of claims. Applicants' response provoking the Examiner's most recent final rejection did not amend any claims, so it is difficult to fathom how collectively searching all pending claims possibly could have become a "serious burden" when it previously was performed with apparent ease. Indeed, as noted above, in the previous Office Actions, the Examiner used the same reference to reject claims in both Group I and Group II under 35 U.S.C. § 102, and in the most recent office action, the Examiner continues to use references originally cited against the Group I claims in rejecting the elected Group II claims.

In summary, nothing in the Examiner's restriction requirement even comes close to a *prima facie* showing of a serious burden to the Examiner in the absence of a requirement for restriction. Without such a showing, the restriction requirement, fails to comply with § 1.142 and therefore should be withdrawn.

(3) The Requirement for Restriction Constitutes an Abuse of the Examiner's Discretion.

Section 121 of the Patent Act provides that the Commissioner *may* require restriction if two or more "independent and distinct" inventions are claimed in one application. "The validity of a patent shall not be questioned for failure of the [Commissioner] to require the application to be restricted . . ." 35 U.S.C. § 121. Implicitly, therefore, the USPTO has discretion to require the restriction of claims to allegedly separate inventions. *Cf. In re Weber*, 580 F.2d 455, 456 n.3 (CCPA 1978) (noting that "[t]he examiner exercised his discretion" in requiring the restriction of an improper Markush claim); *accord* MPEP § 803.01 (explaining that "requirements for restriction under 35 U.S.C. [§] 121 are discretionary with the Commissioner . . ."). It is fundamental, however, that such discretion is subject to abuse by, *inter alia*, an

arbitrary and capricious decision, and that such an abuse of discretion should be reversed upon review. 5 U.S.C. § 706 (requiring a reviewing court to “hold unlawful and set aside agency action, findings, and conclusions found to be . . . arbitrary, capricious, an abuse of discretion”); accord *In re Bogese*, 303 F.3d 1362, 1366 (Fed. Cir. 2002) (“Our review of a decision of the Board is governed by the Administrative Procedure Act, 5 U.S.C. § 706. Under that statutory provision, we will set aside legal actions of the Board that are ‘arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law’” (citation omitted)). In reviewing the Examiner’s restriction requirement, the Commissioner should, at the very least, hold the Examiner to the same standard.

In this case, it cannot be disputed that the Examiner’s restriction requirement, which, as detailed above, cannot be justified by any coherent analysis of the restricted claims or the application’s prosecution history, must be considered, at best, arbitrary and capricious. After twice examining Groups I and II together (and, in fact, issuing omnibus rejections of both groups as being anticipated by a single reference), the Examiner failed to find any basis for restricting the claims until Applicants had appealed the Examiner’s rejections on the merits. While such an action is inherently suspect under any circumstances, in this case, the Examiner failed even to offer a plausible explanation for his behavior, leading to the inescapable conclusion that the Examiner has made no good faith effort to advance prosecution of this application but instead has sought only to insulate his claim rejections from review by the Board by repeatedly reopening prosecution after appeal, issuing new, non-final actions, and taking non-appealable, dilatory actions, such as the restriction requirement at issue in this Petition. These activities are manifestly improper under any standard of review, and under an abuse of discretion standard, the Examiner’s restriction requirement must be reversed.

Moreover, the Examiner’s actions in this case continue to cause irreparable harm to Applicants. Because this case was filed after the implementation of the General Agreement on Tariffs and Trade (“GATT”), the patent term for this case expires twenty years from filing. If allowed to stand, the Examiner’s decision to issue a restriction requirement, over four years after the application was filed and nearly thirty months after the first Office Action on the merits was mailed, would severely impair Applicants’ rights by effectively forcing her to file a new

divisional application directed to the non-elected claims with approximated 25% of the possible patent term expired at the time of filing. Thus, used improperly, the discretion to require restriction vested in the Commissioner can effectively deny warranted patent rights. Perhaps for this reason, Office rules specify that restriction requirements "will normally be made before any action on the merits" and in any event "before final action." 37 C.F.R. § 1.142.

The Examiner's actions in this case present a textbook example of the need for such guidelines. This late restriction requirement, if maintained by the Commissioner, will result in substantial prejudice to Applicants. As stated above, nearly four years of the patent term has elapsed with only a small portion of that patent term being reclaimable through the patent term extension provisions of 37 C.F.R. § 1.701. Based on the prosecution progress of the present application, were the restriction requirement enforced, the patent term of any divisional application required to pursue the restricted claims could conceivably be ten years or less. Certainly the discretion vested in the Commissioner was not intended, and should not be used, to effectively deny patent rights. Thus, even were the restriction requirement proper under other circumstances (which, as outlined above, it is not), the Commissioner should exercise his discretion to withdraw the restriction requirement in light of the severe prejudice to Applicants' patent rights. *A fortiori*, in this case, where the restriction requirement is so highly suspect on its face, the requirement cannot stand. Applicants, therefore, respectfully petition the Commissioner to withdraw the Examiner's improper restriction requirement and allow the Applicants' appeal to proceed with respect to all pending claims.

Lynn Holme Blagg et al.

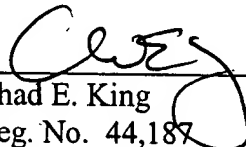
Serial No.: 09/298,521

Petition under 35 C.F.R. § 1.144 dated February 3, 2004

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Respectfully submitted,


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